

## 2003 SESSION

INTRODUCED  
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### HOUSE BILL NO. 2796

Offered January 17, 2003

*A BILL to amend and reenact §§ 58.1-1001 and 58.1-3831 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 58.1-1017.1 relating to the state cigarette tax.*

Patrons—Van Yahres, Alexander, Almand, Brink, Darner, Plum, Scott, Van Landingham and Watts

Referred to Committee on Finance

#### Be it enacted by the General Assembly of Virginia:

**1. That §§ 58.1-1001 and 58.1-3831 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 58.1-1017.1 as follows:**

§ 58.1-1001. Tax levied; rate.

In addition to all other taxes now imposed by law, every person within this Commonwealth who sells, stores or receives cigarettes made of tobacco or any substitute thereof, for the purpose of distribution to any person within this Commonwealth, shall pay to this Commonwealth an excise tax of ~~one and one-quarter mills~~ 3 cents on each such cigarette.

§ 58.1-1017.1. Disposition of tax revenues.

*The additional tax revenue generated by the rate increase in § 58.1-1001 enacted by the 2003 Session of the General Assembly shall be distributed as set forth in this section. One-half of such additional revenue shall be used solely to fund costs of the Virginia Medicaid Program. The remaining one-half of such additional revenues shall be distributed to all of the counties and cities of the Commonwealth according to the same method used to distribute a portion of the state sales and use tax as set forth in subsections C and D of § 58.1-638, and such revenue shall be used by the counties and cities solely for public education purposes.*

§ 58.1-3831. Tax in certain counties.

Fairfax and Arlington Counties shall have the power to levy tax upon the sale or use of cigarettes. Such tax shall be in such amount and on such terms as the governing body may by ordinances prescribe, not to exceed five cents per pack ~~or the amount levied under state law, whichever is greater.~~ The provisions of § 58.1-3830 shall apply to such counties, mutatis mutandis.

**2. That revenues distributed to localities for education pursuant to this act shall not be used to calculate or reduce the share of federal, state, or local revenues or other funds otherwise available to counties and cities of the Commonwealth, including, but not limited to, the computation or reduction of state basic aid payments.**

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